

Message Text

CONFIDENTIAL

PAGE 01 GENOA 00504 300954Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00
EB-08 FMC-01 INR-07 NSAE-00 CG-00 DLOS-09 OES-07
PA-01 PRS-01 OPIC-03 LAB-04 SIL-01 /055 W
-----107391 301009Z /13

P 291400Z SEP 77

FM AMCONSUL GENOA

TO/RUFHRO/AMEMBASSY ROME PRIORTY 1291

INFO SECSTATE WASHDC 2028

AMCONSUL FLORENCE

AMCONSUL MILAN

AMCONSUL PALERMO

AMCONSUL TRIESTE

AMCONSUL TURIN

AMCONSUL NAPLES

C O N F I D E N T I A L GENOA 0504

MILAN HOLD FOR TURIN

E.O. 11652:GDS

TAGS: EWWT, EINV, IT, IT, US

SUBJECT: SEALAND TO MOVE CONTAINER OPERATIONS FROM GENOA

TO LIVORNO

SUMMARY: SEALAND, THE LARGEST US FLAG CARRIER SERVING ITALY, INFORMED CONGEN ON SEPTEMBER 28 THAT IT PLANS TO ANNOUNCE ON OCTOBER 7 THE RELOCATION AND CONSOLIDATION OF ALL ITS ITALIAN CONTAINER OPERATIONS AT LIVORNO TO BE EFFECTIVE JANUARY 1, 1978. THE COMPANY WILL CONTINUE TO MAINTAIN ITS REGIONAL OFFICE FOR THE MEDITERRANEAN IN GENOA. SEALAND, WHICH INTRODUCED CONTAINER SERVICE FROM THE US TO THE MEDITERRANEAN THROUGH GENOA IN 1970, WILL ANNOUNCE ITS DECISION AT A PRESS CONFERENCE. COMPANY OFFICIALS INSISTED THAT DECISION IS FIRM AND IRREVOCABLE. THEY EXPRESSED CONCERN THAT PORT WORKERS MAY REACT NEGATIVELY TO SEALAND'S DECISION TO MOVE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GENOA 00504 300954Z

FROM GENOA, ENGAGE IN DEMONSTRATIONS, STRIKES, AND, OR EVEN DAMAGE COMPANY-OWNED FACILITIES WITHIN PORT AREA. END SUMMARY.

1. AT THEIR OWN INITIATIVE SEALAND OFFICIALS, ON SEPTEMBER 28, INVITED CONGEN TO LUNCH TO "-APPRIZE" HIM OF THEIR "IRREVOCABLE" DECISION TO LEAVE GENOA AND CONSOLIDATE ALL ITALIAN CONTAINER OPERATIONS AT LIVORNO. OFFICIALS REPEATEDLY

INSISTED THAT PUBLIC ANNOUNCEMENT IS NOT, REPEAT NOT, A LAST DITCH TACTIC TO EXTRACT CONCESSIONS FROM THE GENOA PORT AUTHORITY(CAP). AS THE OFFICIALS TELL IT, IN 1969, CAP GRANTED SEALAND PREFERRED DOCKING AND HANDLING SPACE IN RETURN FOR THE COMPANY'S ASSISTANCE IN FINANCING THEH CONSTRUCTION OF THE PORT'S CONTAINER HANDLING FACILITIES. IN THE EARLY 1970S, SEALAND VOLUNTARILY RELINQUISHED PART OF ITS "EXCLUSIVE" OPERATING AREA TO CAP FOR USE BY THE OTHER CARRIERS, WITH THE UNDERSTANDING THAT CAP WOULD AGREED TO RETURN THE SPACE TO THE US COMPANY ON REQUEST. WITH THE INCREASE IN SEALAND'S TRAFFIC IN THE MIDDLE EAST BEGINNING IN 1975, COMPANY APPROACHED CAP FOR THE RETURN OF ITS OLD ALLOCATED SPACE. CAP REFUSED TO RETURN ANY PART OF THAT SPACE AND REJECTED SEVERAL SEALAND OFFERS, INCLUDING A PLEDGE TO INCREASE CONTAINER MOVEMENTS IN THE PORT BY 50 PERCENT. AS A RESULT OF CAP'S OBSTINANCY, SEALAND SUCCESSFULLY NEGOTIATED AN EXCELLENT AGREEMENT WITH LIVORNO PORT OFFICIALS WHICH GRANTS SEALAND SATISFACTORY ALTERNATIVE FACILITIES FOR ITS CONSOLIDATED CONTAINER OPERATION IN THE MEDITERRANEAN.

2. SEALAND'S PREFERENTIAL AND EXCLUSIVE POSITION FOR ITS CONTAINER OPERATIONS IN THE CRAMPED GENOA PORT AREA HAD LONG BEEN A SENSITIVE ISSUE WITH THE OTHER CONTAINER CARRIERS. ALL THE OTHER LINES HAD TO SHARE THE COMMON USERS FACILITIES. WHEN SEALAND WAS GRANTED ITS OLD RIGHTS, CONTAINER TRAFFIC THROUGH GENOA WAS LESS THAN 34,000 . NOW, WITH NUMEROUS OTHER CARRIERS OFFERING CONTAINER SERVICES, GENOA HAS BECOME

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GENOA 00504 300954Z

THE TOP CONTAINER PORT IN THE MEDITERRANEAN HANDLING 184,000 BOXES IN 1976. CAP APPARENTLY COULD NOT RESIST THE PRESSURES FROM BOTH THE OTHER CARRIERS AND THEIR POLITICAL BACKERS AND DENIED SEALAND A RETURN OF THE OLD SPACE AS PER TERMS OF THE EARLIER CONTRACT.

3. SEALAND'S MOVE TO LIVORNO WILL LEAVE ONLY ONE US FLAG CARRIER, AMERICAN EXPORT LINES, OFFERING REGULAR CONTAINER SERVICE TO GENOA. AMERICAN PRESIDENT LINES, LYKES LINES, (AND EVEN, AMERICAN EXPORT LINES) HAVE MOVED THE GREATER PART OF THEIR TRAFFIC OPERATIONS TO LIVORNO WHERE COSTS ARE LOWER AND PRODUCTIVITY IS HIGHER. PRUDENTIAL LINES CLOSED ITS GENOA OFFICE IN APRIL AND HAD WITHDRAWN COMPLETELY FROM THE NORTHERN ITALIAN TRADE.

4. IN ADVANCE OF THE SCHEDULED PUBLIC ANNOUNCEMENT, SEALAND OFFICIALS PLAN TO MEET WITH LEADING REPRESENTATIVES OF GENOA'S BUSINESS AND SHIPPING COMMUNITIES TO EXPLAIN THE REASONS FOR THE MOVE TO LIVORNO. WE HAVE BEEN TOLD THAT THE FEW SEALAND EMPLOYEES INVOLVED IN CONTAINER OPERATIONS WILL BE OFFERED A TRANSFER TO LIVORNO. WE UNDERSTAND THAT COMPANY MAY APPROACH PCI SENATOR LIBERTINI, CHAIRMAN OF THE CHAMBER'S TRANSPORT

COMMITTEE TO ENLIST HIS PERSONAL INTERVENTION WITH THE PORT WORKERS TO PREVENT STRIKES OR DAMAGE TO SEALAND'S CONSIDERABLE AND EXPENSIVE EQUIPMENT IN THE PORT. FYI: LIBERTINI REPORTEDLY IMPRESSED HIS AUDIENCE WITH HIS PARTY'S WILLINGNESS TO BE HELPFUL TO AMERICAN FIRMS IN LABOR DISPUTES DURING HIS MEETING WITH US BUSINESSMEN IN NEW YORK LAST JUNE. END FYI.

COMMENT: LOCAL NEWSPAPERS HAVE BEEN CARRYING RUMORS OF SEALAND'S IMMINENT DEPARTURE FOR SEVERAL WEEKS. COMPANY SPOKESMEN HAVE BEEN CAREFUL NOT TO REVEAL THEIR INTENTIONS AND HAVE ONLY CONFIRMED THAT SEALAND WAS STUDYING WAYS OF MAKING ITS OPERATIONS MORE EFFICIENT. ONE OPTION MENTIONED WAS THE CONSOLIDATION OF ALL SEALAND OPERATIONS AT A SINGLE PORT IN ITALY. CAP PRESIDENT GIUSEPPE DAGNINO A SOCIALIST, HAS NOT BEEN SO

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 GENOA 00504 300954Z

CAUTIOUS. IN EARLY SEPTEMBER, DAGNINO DENIED THAT SEALAND HAD THREATENED TO LEAVE GENOA AND SUGGESTED THAT SOME ARRANGEMENT COULD BE WORKED OUT. SEALAND HAS PRIVATELY COMMENTED THAT DAGNINO HAS BEEN AWARE OF THE COMPANY'S INTENTIONS TO LEAVE FOR SOME TIME. A MAJOR REASON BEHIND SEALAND'S DECISION TO RELOCATE ARE THE HIGH COSTS AND LOW PRODUCTIVITY OF MOVING CARGO THROUGH THE PORT OF GENOA. SEALAND OFFICIALS TOLD CONGEN THAT NEITHER THEY NOR THEIR MILAN OFFICE HAD ANY PLANS TO INFORM CONGEN MILAN OR EMBASSY ROME OF THEIR DECISION IMPENDING ANNOUNCEMENT. DISCIULLO

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPS, MARINE TRANSPORTATION, CONTAINERS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENOA00504
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770356-1048
Format: TEL
From: GENOA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977099/aaaaahgb.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a82e4a4b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1360342
Secure: OPEN
Status: NATIVE
Subject: SEALAND TO MOVE CONTAINER OPERATIONS FROM GENOA TO LIVORNO SUMMARY: SEALAND, THE LARGEST US FLAG
TAGS: EWWT, EINV, IT, US
To: ROME
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/a82e4a4b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009